

**CALIFORNIA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

INTERNATIONAL PROXY VOTING GUIDELINES

MARCH 16, 1998

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1000 REPORTS, ACCOUNTS & DIVIDENDS

1100 Directors' and Auditors' Reports and Financial Statements.

1110 Receive and approve directors' reports and audited accounts for previous financial reporting period.

CASE-BY-CASE. Generally in favor unless we are aware that there are serious concerns about the accounting principles used or doubts about the integrity of the company's auditor.

1111 Approve appropriation of profits.

CASE-BY-CASE. Generally in favor unless payout is unreasonably low or the dividends are not covered by reserves and cash flow.

1120 Change method of preparing accounts or distributing financial statements to shareholders.

CASE-BY-CASE. If the changes have been instituted by a nationwide regulation, they will be approved. Otherwise, they will be carefully scrutinized to ensure they are not damaging to our interests.

1130 Change date of fiscal year-end.

FOR

1140 Approve reports of the Commissaire aux Apports (independent merger transaction auditor).

CASE-BY-CASE. They will be voted against if we are aware of serious concerns about the accounting principles used or doubts about the integrity of the auditors.

1150 Approve amendments to financial statements from a prior period.

CASE-BY-CASE. Generally in favor unless we are aware they are prejudicial to our interests.

1200 Dividends

1210 Declare/pay dividends on ordinary shares.

CASE-BY-CASE. Generally in favor unless payout is unreasonably low or the dividends are not covered by reserves and cash flow.

1260 Change in method of determining eligibility for dividends.

CASE-BY-CASE. Attention will be focused on whether the new method is detrimental to our interests.

1500 Accounting Matters

1510 Approve a specific accounting transaction (other than dividend related).

FOR

1511 Authorize Directors to appropriate reservas voluntarias (Spain).

FOR

1512 Authorize Directors to make transfers among/between reserve accounts.

FOR

1514 Authorize Directors to make a contribution on behalf of the company to a political party.

FOR as long as the company provides data on amount and rationale for donation.

1515 Approve a contribution to a charity/foundation.

FOR as long as the contribution is an arms' length transaction.

2000 AUDITORS

2100 Appointment of auditors.

2110 Appoint external auditors.

FOR unless there are reasons to question their independence.

2115 Appoint members of the Board of Statutory Auditors.

FOR

2120 Appoint internal auditors, Commissaires-reviseurs, Kontrolstelle, or similar.

FOR. In Japan, internal auditors specified as independent but with a past affiliation with the company will not be supported.

2200 Determination of Auditors' Fees

2220 Authorize Directors to set auditors' remuneration.

FOR

2300 Removal of Auditors

2310 Accept resignation of auditors.

CASE-BY-CASE. Ensure auditors have not been pressured to resign because of their zeal in providing full disclosure.

2320 Remove present auditors from office.

SAME AS 2310

2400 Change in number of auditors.

2410 Increase number of auditors.

FOR

2420 Decrease number of auditors.

FOR

3000 DIRECTORS & BOARD MATTERS

3100 Individual Directors/Supervisory Board Members.

3110 Elect/re-elect one or more directors.

CASE-BY-CASE. Generally in favor. However, in those cases where the company has been contacted to explain its underperformance and the explanation is not deemed satisfactory, a vote AGAINST the slate of directors will be cast. Also, votes will be cast AGAINST directors or candidates who may have an inherent conflict by virtue of receiving consulting fees, if they represent a significant percent of the director's income.

3115 Re-elect a Director who is beyond the mandatory retirement age.

AGAINST unless there are extenuating circumstances.

3117 Elect/re-elect a management nominee (contested election).

CASE-BY-CASE. The vote will be cast either for the management nominee or the dissident nominee depending on our perception of which nominee will better serve our interests. The following factors will be considered: long-term financial performance of the target company relative to its industry, management's track record, background to the proxy contest, qualifications of director nominees in both slates, evaluation of what each side is offering shareholders as well as the likelihood that the proposed objectives and goals can be met, and stock ownership positions of each slate.

3118 Elect a dissident nominee (contested election).

SAME AS 3117

3119 Elect a corporation as a director (France).

CASE-BY-CASE. Consider whether the corporation which is proposed to act as a director will represent the interests of all shareholders or just its own interests.

3120 Set/approve directors' fees.

CASE-BY-CASE. Generally in favor unless the proposed fees appear out of line with national industry practice in the company's country of incorporation.

3123 Authorize directors to set retirement payment for retiring director(s).

Vote FOR this management proposal only if it clearly states that it affects employee directors. If it is not clear who will be affected by the proposal, vote AGAINST it.

3125 Authorize allotment of share options to a specific director, pursuant to a previously-approved stock option plan.

FOR

3126 Revoke previous appropriation or amount set for directors' fees.

CASE-BY-CASE. Consider the reasons given for the revocation.

3130 Removal of specific current directors from office.

3131 Remove director from Board.

CASE-BY-CASE. Consider whether the removal is justified and to our benefit.

3132 Accept resignation of director.

FOR

3140 Procedures by which directors are elected or replaced.

3141 Adopt system of cumulative voting for directors (votes = shares x seats).

FOR (per Section 6900 California Government Code).

3142 Remove cumulative voting provision.

AGAINST

3143 Require more than a simple majority of votes to remove a Director.

AGAINST

3144 Establish a Nominating Committee.

CASE-BY-CASE. If the company's performance has been below average and the nominating committee is to be composed of independent directors, a vote may be cast FOR the proposal.

3200 Overall structure of Board

3210 Change size of Board

CASE-BY-CASE. We consider the size and complexity of company an important factor in determining the appropriate number of directors. Ten to fifteen members is our preferred range for large companies; smaller growth companies with a single business line may be effectively governed with fewer directors. Thus, we normally vote FOR proposals to expand the size of the board as a company grows. But we also examine the takeover implications of proposals to change the size of the board. If a proposal to increase or decrease board size is clearly meant to deter a worthwhile takeover offer we vote AGAINST.

3220 **Change constituency representation of Board (e.g. labor/mgmt/capital balance).**

3221 Reduce number of directors representing shareholders.

AGAINST

3222 Increase number of directors representing shareholders.

FOR

3240 **Allow directors to appoint alternate directors to attend meetings in their place.**

FOR

3250 **Directors' terms of office.**

3251 Lengthen directors' terms of office.

AGAINST

3252 Shorten directors' terms of office.

FOR

3253 Establish staggered term (classified board) system.

AGAINST

3254 Establish staggered term (classified board) system including provision that directors may only be removed for cause.

AGAINST

3255 Change from staggered terms to annual election.

FOR

3260 Executive vs. Non-executive (Independent/outside) directors.

3261 Define independent status more strictly.

FOR

3262 Define independent status less strictly.

AGAINST

3263 Establish a requirement that some number of directors be non-executives.

CASE-BY-CASE. In general, non-executive directors are best suited to provide the oversight role expected of them by shareholders. Proposals to increase or set a minimum number of independent directors, therefore, generally promote shareholder interests. However, the boards of many growth companies are comprised of management/owners, often including the founder. Since the interests of these management directors are already aligned with the shareholders, a requirement that would entail a significant change in the board may not be always appropriate in these cases.

3270 Adopt two-tiered (Supervisory/Management) board structure in place of unitary board.

CASE-BY-CASE. The merits of the new structure will be weighed against the merits of the old structure in terms of its ability to represent our interests adequately.

3300 Conditional release and Indemnification of Board.

- 3310 Ratify actions taken by Board during past year provided that local law does not exempt directors from liability for wrongful misconduct or suits arising from falsification of accounts.**

Vote FOR unless there is evidence of inappropriate activity which has seriously damaged shareholders' interests.

- 3315 Ratify actions taken by Board during past year whenever local law frees directors from liability for wrongful misconduct or suits arising from falsification of accounts. (Netherlands, Scandinavia, Switzerland, etc.).**

AGAINST

- 3320 Authorize purchase by company of directors' & officers' indemnity insurance.**

FOR

- 3330 Indemnify directors with regards to particular actions.**

CASE-BY-CASE. The vote will be in favor if the damage was caused by violations of the duty of care provided a "good faith" standard was satisfied. In addition, votes will be cast for increased indemnification proposals where a director's defense was unsuccessful, unless there is a final adjudication that the director acted in bad faith and not for a purpose that he or she reasonably believed to be in the best interest of the company.

3400 Actions, procedures, and functions of the Board.

3410 Directors' voting in own interest.

3411 Allow directors to vote on matters in which they are interested.

CASE-BY-CASE. Generally the vote will be AGAINST unless it is shown the interest is not material or the proposal conforms with national regulations or stock exchange requirements.

3420 Changes to board meeting procedures.

3421 Change procedure for setting time and place of board meeting.

FOR

3422 Change/set majority required to pass a resolution at a board meeting.

CASE-BY-CASE. We prefer simple majority to super-majority.

3423 Allow directors to meet over the telephone or via other telecommunications media.

FOR

3424 Change/set procedure for calling Board meetings.

FOR

3425 Change quorum requirement for Board meetings.

SAME AS 3422

3426 Allow delegation of board functions to committees.

FOR

3430 Designate directors to represent company in judicial proceedings.

FOR

3500 Directors' eligibility requirements.

3510 Establish a requirement that directors hold shares in the company.

AGAINST. Although we encourage stock ownership by directors, we believe this requirement is too restrictive. By eliminating desirable directors that do not have the means to own the stock, the requirement could be prejudicial to the company.

3520 Remove requirement that directors hold shares in the company.

FOR. See 3510

3600 Directors' transactions with the company.

3611 Allow directors to enter into transactions with the company provided that each transaction be approved by shareholders.

FOR

3612 Allow directors to enter into transactions with the company without requiring that each transaction be approved by the shareholders.

AGAINST

3613 Allow review of directors transactions with company by an independent committee of the board during the year as long as shareholder ratification is sought at the next shareholders' meeting.

FOR

3620 Forbid directors from entering into transactions with the company which are permitted under applicable law.

AGAINST

3625 Approve proposed transactions between directors and company.

CASE-BY-CASE. Consider whether proposed transaction unduly favors the director at the expense of the company.

3630 Ratify transactions between a director and the company which have already been entered into but not previously approved by shareholders.

CASE-BY-CASE. Consider whether the transaction has been at arm's length.

3700 Matters regarding shareholder oversight of the Board.

3710 Approve creation of a shareholder advisory committee (to the Board).

CASE-BY-CASE. Consider company's past performance and committee's composition.

3720 Approve establishment of shareholder committee to nominate Directors.

CASE-BY-CASE. Consider company's past performance and committee's composition.

3900 Other changes to Board actions, procedures, and functions.

3950 Approve unspecified changes in Board procedures.

AGAINST

4000 CAPITAL STRUCTURE

4100 Establishment of new classes of authorized shares

4101 Establish new class(es) of authorized shares with voting rights superior to ordinary shares, or entitled to elect a majority of the Board.

AGAINST

4102 Establish new class(es) of authorized shares with voting rights inferior to ordinary shares.

AGAINST

4103 Establish new class(es) of authorized shares with voting rights equivalent to ordinary shares.

FOR

4110 Changes to existing classes of share capital.

4111 Increase authorized share capital, where management is given a general mandate to issue shares up to the limit of authorized capital without seeking specific approval (increase requested without reference to specific business purpose).

FOR increases not exceeding 100%. CASE-BY-CASE on increases above this limit. Consider whether the proposed increase is in the best interest of existing shareholders.

4112 Increase authorized share capital when a specific business purpose has been specified.

CASE-BY-CASE. For increases not exceeding 100%. Against increases above this limit if they could be used as an anti-takeover defense.

4113 Decrease authorized share capital.

CASE-BY-CASE. Consider whether the reduction in authorized share capital is for legitimate corporate purposes and not to be used as an anti-takeover tactic.

4114 Decrease (write off) issued share capital.

FOR

4115 Extinguish/cancel some or all shares in issue.

FOR

4120 Change borrowing limits/debt ceiling.

4121 Increase borrowing limits/debt ceiling.

FOR

4122 Decrease borrowing limits/debt ceiling.

FOR

4130 Set limits on conversion rights (of convertible securities).

FOR

4200 Issues of new securities.

4210 Increase share capital by issue and allotment of shares where management must seek shareholder approval for each issue.

4211 Approve issue of ordinary shares with regular voting rights without specific transaction or business purpose.

SAME AS 4111

4212 Approve issue of ordinary shares with regular voting rights when a specific business purpose has been identified.

SAME AS 4112

4213 Approve issue of ordinary shares with limited/restricted voting rights.

AGAINST

4214 Approve issue of ordinary shares with no voting rights.

AGAINST

4215 Approve issue of preference shares with no conversion rights.

AGAINST if the new issue is a blank check preferred that may be used as an anti-takeover device.

4216 Approve issue of preference shares convertible into ordinary shares.

CASE-BY-CASE. Consider the potential dilution impact of the conversion on earnings per share and voting power. If total dilution exceeds 10 percent, vote against.

4217 Approve issue of preference shares with warrants to purchase ordinary shares where fully-diluted ordinary shares are increased.

SAME AS 4216

4219 Approve issue of preference shares without voting rights.

SAME AS 4215

4220 Approve issue of shares pursuant to an existing option plan which has been approved by shareholders.

FOR

4221 Approve issue of shares pursuant to an existing option plan not approved by shareholders.

CASE-BY-CASE. Vote AGAINST if options are offered at a discount or the company provides no information on option terms.

4222 Approve issue of unrestricted preference shares with voting rights to be established by the board on a when-issued basis ("blank check preferred").

AGAINST unless the company has pledged not to use the preferred for anti-takeover purposes.

4223 Approve issue of shares having voting rights superior to ordinary shares or entitled to elect a majority of the Board.

AGAINST

4230 Issue bonds, debentures, or other debt.

4231 Approve issue of straight debt securities.

SAME AS 4121

4232 Approve issue of debt securities convertible into ordinary shares.

CASE-BY-CASE. Vote AGAINST if total dilution is greater than 10 percent over a 10 year period.

4233 Approve issue of debt securities with attached warrants to purchase ordinary shares.

SAME AS 4232

4234 Approve issue of debt securities redeemable by issue of ordinary shares.

SAME AS 4232

4235 Approve issue of bonds, debentures and other debt instruments.

FOR

4240 Issue other securities convertible or exchangeable into ordinary shares.

SAME AS 4232

4250 Issue other non-equity, non-debt securities.

SAME AS 4232

4251 Issue Genusschein, Certificats d'Investissement (C.I.'s), Participation certificates (PC's), BDR's, or other types of non-voting participation certificates.

AGAINST

4252 Issue Certificates de Droit de Vote (CdV's) or other detachable voting rights.

AGAINST

4253 Issue warrants, options (outside of normal Co. compensation plans) or other types of subscription rights.

CASE-BY-CASE. Same as 4232.

4254 Approve private placement of any type of security.

CASE-BY-CASE. Vote against if the private placement contains extraordinary voting rights.

4300 Capitalization of reserves, share premium accounts, etc.

4310 Approve bonus issue of shares funded by capitalization of reserves, share permits or other account.

FOR

4400 Exchange offers, swaps, repurchases, self-tenders, etc.

4410 Exchange offers.

4411 Approve exchange offer made by company to own holders.

CASE-BY-CASE. Consider short-term gains of accepting the offer versus benefits achievable over the long-term by rejecting the offer.

4412 Approve exchange offer made by Company for securities of another company.

SAME AS 4411

4413 Approve exchange offer made to Company holders by another company.

SAME AS 4411

4415 Authorize conversion of convertible stock or bonds.

FOR

4416 Authorize exchange of shares in exchange for Bons de Jouissance (France).

FOR

4420 Stock repurchases.

4421 Approve public at-market share repurchases by Company.

(a) of 0% - 10% of issued capital.

FOR

(b) of more than 10% of issued capital.

CASE-BY-CASE. Consider whether the repurchase is for legitimate corporate purposes and not to be used as an anti-takeover tactic.

4422 Approve off-exchange share repurchases by Company.

SAME AS 4421

4423 Approve resolution prohibiting any repurchase of stock by the Company without the consent of shareholders.

FOR

4424 Approve resolution prohibiting Company from paying “greenmail” or otherwise repurchasing stock on preferential terms from certain holders only.

FOR

4430 Cancellations and redemptions of outstanding securities issues.

4500 Preemptive rights of existing holders.

4510 Adopt preemptive rights to subscribe to securities issue(s).

4511 Adopt preemptive rights in general.

FOR

4512 Adopt preemptive rights for a particular issue.

FOR

4520 Suppress preemptive rights to subscribe to securities issue(s).

4521 Suppress preemptive rights in general.

AGAINST

4522 Suppress preemptive rights for a particular issue when shares on which preemptive rights are to be suppressed \leq 20% of issued capital.

FOR

4523 Suppress preemptive rights for a particular issue when shares on which preemptive rights are to be suppressed > 20% of issued capital.

AGAINST, unless the purpose of the issuance is in shareholders' interests, such as to facilitate an acquisition.

4524 Partially suppress preemptive rights for particular issue (for fractional entitlement).

FOR

4525 Suppress preemptive rights re shares to be privately placed.

FOR

4540 Maintain existing preemptive rights to subscribe to particular securities issue(s).

FOR

4600 Modifications to rights appurtenant to or terms of particular classes of securities.

CASE-BY-CASE. Ensure requested modification is in our interest.

4700 Exchange listings, registration and/or transfers of securities.

4710 Change method of registering securities issued by the company.

SAME AS 4600

4715 Set minimum amount for transfer of shares.

FOR

4720 Change method of transferring or recording transfers of securities issued by the company.

4721 Impose/tighten restrictions on share transfer.

AGAINST the imposition or tightening of restrictions on share transfer if the transfer may be used to institute or strengthen a takeover defense.

4722 Repeal/relax restrictions on share transfer.

FOR

4723 Approve mechanical change in transferring or recording transfers of securities (no effect on ability to transfer).

FOR

4730 Authorize Directors to make application for one or more exchange listings for an issue of securities.

FOR

4800 Other changes to capital structure.

4810 Subdivision of capital or stock split (reduce nominal/par value, increase No. of shares).

FOR

4811 Authorize directors to dispose of fractional entitlements and to retain the proceeds for the benefit of the company.

FOR

4820 Reverse stock split (increase nominal/par value, decrease No. of shares).

FOR

4900 Defensive/dilutive capital changes in face of public bid for company.

4910 Allow Board to issue additional voting shares without preemptive rights during a public tender offer for shares of the company.

AGAINST

5000 GROUP CORPORATE STRUCTURE.

5100 Intragroup contractual relationships.

CASE-BY-CASE. Consider whether the proposal is in our interest.

5150 Approve terms for settlement of debt.

CASE-BY-CASE. Consider whether the proposal is in our interest.

5200 Intragroup equity relationships.

CASE-BY-CASE. Consider whether the proposal is in our interest.

5300 M & A Transactions.

CASE-BY-CASE. Consider whether proposal is in our interest. (Due to its immediate impact on the portfolio's performance, this decision is made by our international managers).

5400 Corporate Reorganization.

5410 Approve reorganization of division or department.

SAME AS 5300

5411 Approve Scheme of Arrangement or other major restructuring.

SAME AS 5300

5500 External Relations.

5510 Resolutions governing relations with suppliers and other companies (joint ventures, long-term supply, management, and similar contracts).

FOR

5511 Ratify or renew management/profit-sharing contract with other companies (in which the company retains or gains management control over the other).

FOR

5513 Cancel management/profit-sharing contracts with other companies.

FOR

5515 Authorize directors to make legal claim under an existing contract.

FOR

5516 Ratify or review contract under which control over company management is ceded to another company.

SAME AS 5310

5520 Resolutions governing relations with customers.

5521 Authorize directors to enter into contract with customers.

CASE-BY-CASE. Consider whether the proposal is appropriate and in our interest.

5530 Resolutions governing relations with bank creditors.

5531 Authorize directors to enter into arrangement with bank creditors of the company (in context of receivership, bankruptcy, or similar status).

CASE-BY-CASE. Consider how our equity interests are protected.

5532 Authorize directors to enter into arrangement with bank creditors of the company (NOT in context of receivership, bankruptcy, or similar status).

FOR

5540 Resolutions governing relations with bond holders and other non-bank creditors.

5541 Authorize directors to enter into arrangement with non-bank creditors of the company (in context of receivership, bankruptcy, or similar status).

SAME AS 5531

5542 Authorize directors to enter into arrangement with non-bank creditors of the company (NOT in context of receivership, bankruptcy, or similar status).

FOR

5600 Liquidation & dissolution of the company.

5610 Approve liquidation/dissolution of company.

SAME AS 5531

5620 Approve placing company under administration.

SAME AS 5531

5630 Approve filing for voluntary bankruptcy.

SAME AS 5531

5631 Authorize directors to apply to court for permission to suspend payments per Art 2.5 Law of the Suspension of Payment of 1922 (Spain).

SAME AS 5531

5640 Discharge/indemnify liquidators from liability for actions taken during past fiscal year.

CASE-BY-CASE. Vote FOR unless there is evidence of inappropriate activity which has seriously damaged shareholders' interests.

6000 CORPORATE GOVERNANCE & CONTROL ISSUES.

6100 Shareholder stake disclosure; matters involving nominees vs. beneficial holders.

6110 Adopt stake disclosure requirement.

FOR

6120 Change stake disclosure threshold percentage of issued capital at which an equity holding must be disclosed to the company or to a regulatory authority).

6121 Raise stake disclosure threshold to a higher percentage.

Vote FOR these proposals. They are rare but on occasion managements submit them to conform with recent changes in home market disclosure laws or regulations.

6122 Lower stake disclosure threshold to a smaller percentage.

AGAINST if the new limit is less than 3 percent. Otherwise, vote FOR.

6130 Change sanctions for non-compliance with stake disclosure requirements.

6131 Tighten sanctions for non-compliance with stake disclosure requirements.

AGAINST

6132 Relax sanctions for non-compliance with stake disclosure requirements.

FOR

6140 Distinctions between nominees & beneficial holders.

6141 Establish a distinction favoring nominees/registered holders.

AGAINST

6142 Establish a distinction favoring beneficial holders.

AGAINST

6143 Provide for equal treatment of nominees & beneficial holders.

FOR

6150 Restrictions on share holdings.

6151 Establish a limit on the percentage of capital or number of shares which a single shareholder may own.

AGAINST

6200 Poison Pill Plan.

6210 Approve poison pill plan.

CASE-BY-CASE. Approve only if the following factors occur:

- sunset provision of two or three years
- qualifying clause that permits shareholders to redeem the pill in the face of a bona fide tender offer
- record of giving shareholders an opportunity to consider prior tender offers
- absence of other takeover defenses

6300 Procedures for conduct of general meetings.

6310 Set or change date or place of shareholders' meeting.

FOR

6320 Set or change shareholders' meeting quorum requirements.

Vote FOR simple majority and AGAINST super-majority except where required by law.

6331 Increase majority required for passage of ordinary resolutions.

AGAINST, except where required by law.

6332 Increase majority required for passage of extraordinary resolution (including requirements for By-law/Article repeal or amendment).

AGAINST, except where required by law.

6333 Decrease majority required for passage of ordinary resolution.

FOR

6334 Decrease majority required for passage of extraordinary resolution.

FOR

6340 Eliminate shareholders' right to call general meeting.

AGAINST

6350 Prohibit shareholders' action outside general meetings.

AGAINST

6351 Prohibit solicitation of shareholder consents to action in lieu of meeting

AGAINST

6353 Restrict inter-shareholder communications.

AGAINST

6400 Corporate Governance-Related Legislation.

6410 Opt in to anti-takeover or other harmful statute(s).

AGAINST

6420 Opt out of anti-takeover or other harmful statute(s).

FOR

6500 Voting-related matters.

6510 Voting rights limitations.

6511 Adopt new or tighten existing voting rights limitations.

AGAINST

6513 Relax or repeal existing voting rights limitations.

FOR

6515 Adopt system of supervoting rights attached to shares held for longer than some specified period.

AGAINST

6520 Shareholder approval requirements.

6521 Establish supermajority vote requirement for shareholder approval of merger.

AGAINST, except where required by law.

6522 Remove supermajority vote requirement for shareholder approval of merger.

FOR

6523 Establish a requirement that more than a simple majority of votes be needed to amend or repeal by-laws.

AGAINST, except where required by law.

6526 Establish a requirement that shareholders approve new issues of securities.

FOR

6527 Establish a requirement that shareholders approve severance pay or other special compensation to company officers or directors.

FOR

6530 Proxy Voting Mechanics.

6531 Change proxy card to allow for 2-way (pro/con) voting.

FOR

6532 Assign to the usufructuary (beneficiary), instead of the trustee, the voting rights appurtenant to shares held in trust.

CASE-BY-CASE. Vote AGAINST if the company assigns voting rights to a foundation allied to management.

6533 Change stockholder meeting procedures to require confidential voting of proxies.

FOR

6534 Approve proposal that abstentions not be counted among votes “cast” in calculating voting percentages unless required by local law.

FOR

6535 Require confidential voting by shareholders at general meetings.

FOR

6536 Allow significant shareholders equal access to company-financed proxy statement to disseminate comments and voting recommendations on management-proposed resolutions.

FOR

6537 Amend Articles concerning mechanics of proxy voting.

CASE-BY-CASE. Vote FOR proposals which facilitate proxy voting by local and foreign investors. Vote AGAINST proposals which hamper it.

6600 Merger, Acquisition, and Tender Offer Procedures.

6610 Increase shareholder control over company making acquisition through tender offers.

FOR

6620 Decrease shareholder control over company making acquisitions through tender offers.

AGAINST

6630 Other business affecting company participation in tender offers.

CASE-BY-CASE. Consider whether our shareholder interests are promoted or weakened.

6640 "Fair Price" and similar provisions in two-tiered tender offers.

CASE-BY-CASE. Votes will be cast for management proposals to adopt a fair price provision as long as the shareholder vote requirement embedded in the provisions is no more than a majority of the disinterested shares. All other management fair price proposals will be voted against. In addition, votes will be cast for shareholder proposals to lower the shareholder vote requirement embedded in existing fair price provisions.

6650 Authorize directors to consider the interests of parties other than shareholders when evaluating a tender offer made for the shares of the company.

AGAINST

7000 EXECUTIVE COMPENSATION AND STOCK OPTION PLANS.

7100 Establish stock option plan.

7110 Authorize Directors to grant stock options to executives or staff of the company or its affiliates (where further information is not known).

AGAINST

7111 Adopt an executive or staff stock option plan meeting all following tests:

- (a) exercise price \geq 100% market price of shares, and**
- (b) total dilution \leq 10% ~~average per annum~~ of fully-diluted issued capital, and**
- (c) the plan is to have a disinterested administrator, and**
- (d) the plan allows repricing of underwater options.**

FOR

7112 Adopt an executive or staff stock option plan which does not meet the tests set forth in #7111 above.

AGAINST if either tests (a), (b) or (c) are not met.

CASE-BY-CASE if total dilution exceeds 10 percent. Consider industry practice, company's performance relative to its industry, and percentage of stock options awarded to top executives

7118 Authorize Directors to grant options to a particular person or entity (not pursuant to a previously-approved stock option plan).

CASE-BY-CASE. Consider whether the award is appropriate or excessive. If not enough information is provided, vote AGAINST.

7120 Grant stock appreciation rights (SAR's) to executives or staff.

AGAINST

7130 Employee Stock Ownership Plans (ESOP's).

7131 Authorize the establishment of an ESOP plan.

FOR

7132 Require shareholder vote on an existing ESOP plan.

FOR

7213 Decrease options' exercise price as % of market price (reprice "underwater" options).

CASE-BY-CASE. Vote AGAINST unless request arises out of a broad market decline affecting all companies.

7214 Extend life of options.

FOR. Life extension reinforces the long-term commitment of the executive to the company.

7215 Shorten life of options.

AGAINST. The shortening of exercise periods limits the incentive aspects of the option.

7216 Set or change exercise delay (European style options).

CASE-BY-CASE. Vote FOR exercise delay -- to underscore long-term commitment, and AGAINST exercise shortening.

7217 Change eligibility requirements for participants.

CASE-BY-CASE. Consider the effects of the new requirements on potential stock dilution as compared with potential productivity incentives.

7300 Adopt other compensation scheme.

CASE-BY-CASE. Consider the appropriateness of the compensation scheme.

7320 Adopt profit sharing scheme.

7321 Approve amendments to employee profit sharing plan.

CASE-BY-CASE. Consider potential dilution as compared to potential productivity increases.

7322 Authorize Directors to extend life of employee profit sharing plan without otherwise changing its terms.

FOR

7323 Authorize Directors to extend profit sharing plan to employees of subsidiary(ies).

SAME AS 7321

7400 Authorize Company to lend money to participants to finance exercise of options.

CASE-BY-CASE. Vote AGAINST these proposals if loans are at below the market rate or without recourse.

8000 MEMORANDA OF ASSOCIATION, BY-LAWS, ETC.

8100 Add to or change business objectives clause in Memorandum of Association or similar.

CASE-BY-CASE. Consider how the changes may affect our interests as shareholders.

8200 Approve change to Company Name.

FOR

8300 Changes to company's domicile, registered office or place(s) of business.

CASE-BY-CASE. Consider the conditions of the new jurisdiction versus those of the old jurisdiction.

8400 Technical & non-material changes to bring Articles into compliance with the provisions of new law, regulations, or stock exchange listing requirements.

FOR

8600 Review or extend term of expiring Articles.

CASE-BY-CASE. Consider whether renewal or extension promotes or weakens our interests.

8800 Social Agenda Proposals.

Overall, social agenda proposals are not supported. However, in those cases where the industry is poorly regulated, and the company's financial performance as well as the company's behavior in the area object of the proposal are substandard, the proposal may be considered favorably if implementation of the proposal will result in an increase in shareholder value. Proposals asking for a report will be approved only if the report can be produced at a minimal cost.

9000 PROCEDURAL ITEMS.

9200 General meeting formalities.

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